

U.S. Congresswoman

Ginny Brown-Waite

*Representing Citrus, Hernando, Lake, Levy,
Marion, Pasco, Polk, and Sumter Counties*



Committee on Financial Services Hearing, "U.S. Interests in the Reform of China's Financial Services Sector"

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Statement for the Record

Thank you Mr. Chairman for holding this hearing today. And thank you to all of the witnesses before us.

While trade relations with China have improved over the years, I still have several concerns over their policies, particularly their disinterest in providing greater currency flexibility. Since 2005, Chinese officials have promised an adjustable Yuan exchange rate, yet the only step they took was to devalue the Yuan a mere 2.1%. Today the Yuan still enjoys an 8.11 exchange rate with the dollar – a suppressed measure that requires competing East Asian economies to follow suit. It is obvious the United States will continue to wait for China to make good on a promise made years ago.

Keeping the Yuan artificially low places a seriously unfair competitive advantage on Chinese exports over American imports. Chinese leaders hide behind the excuse of a developing country and spin tales of economic chaos should they abandon their currency policy. This self-serving practice by the Chinese only adds to the lop-sided trade deficit America holds against China - \$233 billion in 2006 - and is bad for American auto, textile, technology, and other manufacturing markets.

China is America's 2nd largest trading partner; the 2nd largest source of imports; and the 4th largest export market. It is high time our President steps up to the plate and puts the pressure needed on China to force them to make good on promises made over two years ago. American exporters cannot afford to be patient any longer.

I look forward to hearing what our witnesses have to say on China's trade policies, and thank the Chairman again for holding this hearing.